

Message Text

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PAGE 01 DACCA 04260 180614Z

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ACTION NEA-10

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TAGS: CASC, BDIS, BTIO, BG, US
SUBJ: INTERNATIONAL-MATEX TANK TERMINALS

REF: (A) DACCA 3981, (B) STATE 200067

1. PLEASE INFORM JAMES COLEMAN OF SUBJECT FIRM THAT EMBASSY DACCA WAS UNABLE TO DELIVER HIS AUGUST 12 INTERESTED PARTY MESSAGE (REF-TEL B) TO DAVID PADDISON AS LATTER HAD DEPARTED DACCA AUGUST 10 FOR KARACHI, BANGKOK AND US.

2. FYI. ECON COUNSELOR ACCOMPANIED IMTT OFFICER DAVID PADDISON TO AUGUST 9 MEETING WITH A.K.M. HAFIZUDDIN, MEMBER OF INDUSTRIES MINISTRY OF THE COUNCIL OF ADVISERS. ALSO PRESENT WERE NURUZ-ZAMAN, JOINT SECRETARY, INDUSTRIES; BADRUDDIN AHMED, ITT (BANGLADESH) LAWYER, AND NAZMUL CHOUDHURY, ITT CHITTAGONG MANAGER. ECON COUNSELOR EXPLAINED THJG HE ACCEPTED IMTT INVITATION TO BE PRESENT TO EMPHASIZE US INTEREST IN DECISION ON IMTT CLAIM AGAINST BACKGROUND OF DESIRABILITY OF IMPROVING PRIVATE INVESTMENT CLIMATE GENERALLY AS WELL AS BEING HELPFUL WHERE POSSIBLE TO PARTICULAR US FIRM.

3. HAFIZUDDIN APPEARED SYMPATHETIC TO PADDISON'S VIEW CONCERNING THEI DISPUTED TRANSFER OF INTERATIONAL OIL MILLS (IOM) FROM ITT (BANGLADESH), BUT REFUSED TO CONSIDER ANY METHOD OF REUNITING THE TWO FIRMS OTHER THAN THE SALE OF IOM AS A BDG DISINVESTMENT TO ITT (BANGLADES). THIS FIRM IS OWNED 50 PERCENT BY INTERNATIONAL-MATEX TANK TERMINALS (IMTT) AND 50 PERCENT BY BDG. TOTAL COST MIGHT BE TAKA 1.2 MILLION WHICH IS THE FACE VALUE OF IOM SHARE CAPTIAL.

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ALTHOUGH PADDISON ASKED FOR IMTT CONTROL OF ITT (BANGLADESH), IN-

CLUDING IOM, HAFIZUDDIN REFUSED TO CONSIDER THIS, EMPHASIZING THAT BDG WAS MERELY "SLEEPING PARTNER" IN ANY CASE, AND THUS IMTT WAS ALREADY EXERCISING EFFECTIVE CONTROL. HAFIZUDDIN SAID HE INTENDED TO VISIT ITT IN CHITTAGONG DURING WEEK OF AUGUST 16 TO SEE FIRM FOR HIMSELF.

4. HAFIZUDDIN ALSO ASKED PADDISON IF, PENDING A SETTLEMENT IMTT COULD PROVIDE TECHNICAL ASSISTANCE (AT BDG EXPENSE) TO ENABLE THE BDG TO OPERATE THE OIL MILL MORE EFFICIENTLY.

5. COMMENTTHE US FIRM IS THUS ASKED TO BUY BACK FROM THE BDG WHAT THE US FIRM BELIEVES WAS FRAUDULENTLY TAKEN BY ITS ERST-WHILE WEST PAKISTANI PARTNERS. MR. COLEMAN MIGHT WITH TO CONSIDER THE FOLLOWING SUGGESTIONS. ONE POSSIBLE WAY FOR IMTT TO EXERCISE FULL CONTROL OVER ITT (BANGLADESH) AND, IF IT CAN BE WORKED OUT, IOM AS A WHOLLY-OWNED SUBSIDIARY OF ITT (BANGLADESH), WOULD BE BY A MANAGEMENT CONTRACT. THIS WOULD PERMIT A CONTINUING 50/50 DIVISION OF EQUITY IN ITT WITH THE BDG, AS HAFIZUDDIN INSISTS IS NECESSARY, YET GIVE IMTT EFFECTIVE CONTROL.
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